



**Minutes from the Joint Meeting of
THE DEFERRED COMPENSATION COUNCIL &
THE DELAWARE COLLEGE INVESTMENT PLAN BOARD
APRIL 20, 2016**

A Joint meeting of the Deferred Compensation Council and The Delaware College Investment Plan Board was held on April 20, 2016 at 9:00 AM in the Conference Room of the Office of the State Treasurer
Located at 820 Silver Lake Blvd., Suite 100, Dover, DE 19904

All Council & Board Members Represented or in Attendance:

The Honorable Ken Simpler, State Treasurer, Co-Chair, DCC
The Honorable Karen Stewart, Insurance Commissioner, Member, DCC
Ms. Valerie Watson, (on behalf of Secretary Thomas J. Cook, Department of Finance, Co-Chair DCC; DCIP)
Mr. Robert Scoglietti (on behalf of Director Ann Visalli, Office of Management & Budget, Member, DCC)
Mr. Ralph Cetrulo, Member, DCC
Mr. Chris Cohen (on behalf of Charles Campbell-King, Member, DCC)
Mr. José Echeverri, Chair, Delaware College Investment Plan Board
Mr. Stephen Saville, Member, DCIP
Mr. Dan Scholl, Member, DCIP
Mr. Don Shandler, Member, DCIP

Others in Attendance:

Ms. Ann Marie Johnson, Deputy Attorney General, DCC
Mr. Robert Willard, Deputy Attorney General, DCIP
Ms. Jennifer Vaughn, Department of Insurance
Ms. Nora Gonzalez, Deputy State Treasurer, Office of the State Treasurer
Mr. Omar Masood, Office of the State Treasurer
Ms. Martha Sturtevant, Office of the State Treasurer
Ms. Jackie Griffith, Senior Legislative Analyst, Office of the Controller General
Mrs. Shana Payne, Director of Higher Education Office, Department of Education

CALLED TO ORDER

Mr. Simpler called the meeting to order at 09:05 AM. Introductions were made around the table.
Minutes were tabled for approval.

REVISION OF DRAFT LEGISLATION

Ms. Johnson reviewed the Standard of Care that would be inserted into section four of the proposed legislation. She stated that it was a revision of the Prudent Man standard, and incorporated areas of ERISA and Delaware's Title 12 Trust Standard.

Mr. Simpler summarized that new Board would enter into a Memorandum of Understanding (“MOU”) with the Auditor of Accounts and suggested copies of the Plan Audits be provided to the General Assembly annually.

Mr. Scoglietti had concerns regarding the language referring to the payment of the audit. Ms. Watson suggested revising for clarification and the Board/Council agreed to amend as follows, “The Board shall enter into a MOU with the Auditor of Accounts regarding each such audit, and payment for each such audit shall be approved by the Board”.

The Board discussed defining the use of teleconferences and what constitutes a quorum. Ms. Watson had concerns that videoconferencing would become protocol rather than the exception. Ms. Johnson suggested that concerns regarding attendance could be clarified in the regulations to be adopted by the new Board. Mr. Scoglietti asked if the videoconference language should be expanded to include subcommittees. Ms. Johnson agreed it should be added.

Mr. Scoglietti expressed his concerns regarding the language as it applies to leave-time required for meeting travel, and preparation. Mr. Simpler acknowledged the concerns, and noted the recent RFP committee that required over 100 hours. There was a discussion regarding the necessity of the additional language provisions. The Board/Council agreed that this was an exceptional year, and Mr. Simpler agreed to strike the “preparing for” language.

Mr. Scoglietti asked if OST had received any feedback regarding the new appointments. Mr. Simpler stated that the Governor’s office was comfortable with the language which states that one of the two appointed state employees must be eligible for the 403(b) Plan.

There was a discussion regarding the service terms of members. Mr. Simpler stated that one member of the DCIP and one member of the DCC would be serving a one-year term, two-year term and three year term respectively. Mr. Simpler also stated that the Governor’s office supported a one-chair, over a co-chair model, and noted that the rules would not permit a vice-chair. The members also discussed subcommittees, and the proposed Chairs of each subcommittee. No further concerns from the members were noted.

Mr. Simpler stated that he had spoken to DCC Co-Chair, Mr. Cook, and that, if there was consensus of the Board and Council, the legislation should be summited with amendments immediately. Mr. Simpler stated that if there were no objections, he would make the revisions and submit. No objections were noted.

ABLE UPDATE

Mr. Masood provided an update of ABLE plans and the status of implementations nationwide. He discussed the options other states were considering, including states planning to have their own program, and those considering joining a consortium. He said that some states planning to have their own program are open to allowing other states to join, and other states plan to be exclusive. Mr. Masood added that at least one state has decided not to create an ABLE Plan.

Mr. Masood stated that Delaware does not have the same staffing or dedicated funding that other larger states have. He stated that the consortium of nine states is being led by Illinois. Mr. Masood indicated that Delaware has participated on all of the consortium discussions, but Delaware remains uncommitted to joining the consortium.

Mr. Masood reviewed the concierge option. He indicated this option would allow eligible residents to join any available and operational program. He stated that the benefit of the consortium versus the concierge model remains unclear. Mr. Masood said the consortium would have greater economies of scale, but the concierge model would allow participants to join any available model.

Mr. Shandler stated that he believed the program and benefits could be brought to eligible Delaware participants without the cost of building it independently. Mr. Simpler said the submitted budget request, if approved, would likely be sufficient for advertising and branding, but not enough to sustain the program. Mr. Simpler said that OST was preparing a fifth memorandum to the General Assembly with internal recommendations for the implementation path.

Ms. Watson asked Mr. Masood what the estimate for eligible participants was. Mr. Masood said that the original estimate for eligible participants was 2,000 over a 5 year time period. He clarified the number was estimated prior to the elimination of the home state provision and revision to the model are required since prospective participants now have the opportunity to join other states plans.

Mr. Masood also expressed concerns on participations rates for a Delaware Plan. He stated that participation rate is difficult to predict and noted that some eligible participants may not be in a financial position to participate and others interested in participating may decide to join a larger plans given the benefits offered. He cited the State of Virginia as an example of an ABLE plan with a large marketing budget expected to be one of the first states to deploy a full online service platform.

Ms. Vaughn asked if participants could move their account back to Delaware if they opened the account in another state. Mr. Simpler provided the example of the 529 Plan noting that participants rarely swap between providers. He added that the statute only allows for one account per beneficiary at a time, and therefore the accounts would need to be terminated before they could be reopened, making it unlikely that accounts would return to Delaware.

Ms. Johnson asked about current communications to eligible participants. Mr. Masood said that nationally ABLE has been building awareness and support, and noted that 34 states passed the legislation the first year, making it the fastest growing bill. Mr. Simpler stated that OST has requested a modest budget to support ABLE which would support hiring of an admin, pay for materials needed for outreach and education events and create a website to raise awareness.

Mr. Simpler affirmed that if the legislation is passed before June 30th, the first meeting of the new Board would be in July. He acknowledged that OST would prepare a memo on the ABLE updates as they unfold to keep the Board informed. Mr. Simpler also said that he would reach out to members of the community who have been involved and have expressed interest in getting involved in the ABLE subcommittee.

PUBLIC COMMENTS

There were no comments from members of the public.

ADJOURNMENT

A MOTION was made by Ms. Stewart and seconded by Mr. Cetrulo on behalf of the DCC to adjourn the meeting at 10:10 AM.

A MOTION was made by Mr. Echeverri and seconded by Mr. Shandler on behalf of the DCIP to adjourn the meeting at 10:10 AM.

MOTIONS WERE ADOPTED UNANIMOUSLY

Respectfully submitted,

The Honorable Ken Simpler, State Treasurer
Co-Chair for the Deferred Compensation Council

The Honorable Thomas J. Cook, Secretary of Finance
Co-Chair for the Deferred Compensation Council

Jose Echeverri,
Chair, Delaware College Investment Plan